

AMENDED IN SENATE JANUARY 7, 2002

SENATE BILL

No. 24

Introduced by Senator Polanco

December 4, 2000

~~An act to add and repeal Article 19 (commencing with Section 1115) of Chapter 1 of Part 2 of Division 1 of the Insurance Code, and to add and repeal Sections 12211, 12422.1, 12428.1, and 12632.1 of the Revenue and Taxation Code, relating to financial investments. An act to amend Section 62.2 of the Revenue and Taxation Code, relating to taxation.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 24, as amended, Polanco. ~~Financial investments—Property taxes: mobilehome parks.~~

Existing property tax law requires the reassessment of real property at fair market value upon a change in ownership and specifies those transfers of real property that constitute a change in ownership. Existing law also excludes from classification as a change in ownership any transfer, on or after January 1, 1989, of a mobilehome park to a nonprofit corporation, stock cooperative corporation, or other entity, including a governmental entity if, within 18 months after this transfer the mobilehome park, or at least 51% of the individual rental spaces in that park, are then subject to a subsequent transfer that is itself excluded by specified statutory provisions from classification as a change in ownership.

This bill would correct an erroneous cross-reference in these provisions.

~~Existing law governing insurance prescribes certain authorized investments that can be made by insurers.~~

~~This bill would enact, until January 1, 2013, the California Certified Capital Company Act to establish an incentive program, using credits against gross premium taxes, for insurance companies to invest in certified capital companies in this state, which in turn would make investments in new or expanding businesses. This increase in investment capital flowing into new or expanding businesses is intended to contribute to employment growth and to expand and diversify the state's economic base.~~

~~Existing insurance tax law requires every insurer, as defined, doing business in this state, to annually pay a tax on gross premiums, as specified, at the rates provided by law. Except as otherwise provided, the rate of tax to be applied to the basis of the annual tax in respect to each year is 2.35%. Existing law authorizes various credits against that tax.~~

~~This bill would allow until January 1, 2013, as a credit against that tax 100% of the amount invested by an insurer in a certified capital company pursuant to the Certified Capital Company Investment Act, subject to specified conditions and ceilings on credit amount.~~

~~Vote: majority. Appropriation: no. Fiscal committee: yes—no. State-mandated local program: no.~~

The people of the State of California do enact as follows:

1 ~~SECTION 1.—The Legislature finds and declares the~~
2 ~~SECTION 1. Section 62.2 of the Revenue and Taxation Code~~
3 ~~is amended to read:~~
4 ~~62.2. (a) (1) Subject to paragraph (2), change in ownership~~
5 ~~shall not include any transfer on or after January 1, 1989, of a~~
6 ~~mobilehome park to a nonprofit corporation, stock cooperative~~
7 ~~corporation, tenant-in-common ownership group, or any other~~
8 ~~entity, including a governmental entity, if, within 18 months after~~
9 ~~the transfer, the mobilehome park is transferred by that~~
10 ~~corporation or other entity, including a governmental entity, to a~~
11 ~~nonprofit corporation, stock cooperative corporation, or other~~
12 ~~entity formed by the tenants of the mobilehome park in a~~
13 ~~transaction that is excluded from change in ownership by~~
14 ~~paragraph (1) of subdivision (a) of Section 62.1, or at least 51~~
15 ~~percent of the mobilehome park rental spaces are transferred to the~~
16 ~~individual tenants of those spaces in a transaction excluded from~~

1 change in ownership by *paragraph (2) of subdivision (b) (a)* of
2 Section 62.1.

3 (2) (A) Any mobilehome park that was initially transferred on
4 or after January 1, 1993, to a nonprofit corporation, stock
5 cooperative corporation, tenant-in-common ownership group, or
6 any other entity, including a governmental entity, that is
7 subsequently transferred within 36 months of that initial transfer
8 as provided in paragraph (1), shall qualify for the exclusion from
9 change in ownership pursuant to this subdivision. In applying the
10 36-month limit specified in the preceding sentence to the
11 subsequent transfer to an individual tenant, as provided in
12 paragraph (1), of a rental space in a mobilehome park that was
13 initially transferred on or after January 1, 1995, to a nonprofit
14 corporation, stock cooperative corporation, tenant-in-common
15 ownership group, or any other entity, the execution of a purchase
16 contract and the opening of a bona fide purchase escrow with a
17 licensed escrow agent shall be deemed to transfer the rental space
18 in compliance with that 36-month limit, provided that both of the
19 following conditions are met:

20 (i) The escrow is opened prior to the expiration of the 36-month
21 time period.

22 (ii) The escrow closes on a date no later than six months after
23 the end of the 36-month time period.

24 (B) A mobilehome park located within a disaster area that was
25 initially transferred on or after October 1, 1991, and before
26 October 31, 1991, to a nonprofit corporation, stock cooperative
27 corporation, or other entity, that is subsequently transferred within
28 76 months of that initial transfer as provided in paragraph (1), shall
29 qualify for the exclusion from change in ownership pursuant to this
30 subdivision. For purposes of the preceding sentence,
31 “mobilehome park located within a disaster area” means a
32 mobilehome park that is located in the County of Los Angeles in
33 an area for which both of the following apply:

34 (i) The Governor, as a result of the January 17, 1994,
35 Northridge earthquake, has declared the area to be in a state of
36 disaster and certified the area’s need for assistance.

37 (ii) The President of the United States has, pursuant to federal
38 law, determined the area to be in a state of major disaster.

39 The exclusion from change in ownership pursuant to this
40 subdivision of a mobilehome park located within a disaster area

1 shall be effective commencing with the 1995–96 fiscal year, and
2 shall not require any affected county to refund any amount of
3 property tax levied with respect to a mobilehome park for the
4 period from October 1, 1991, to June 30, 1995, inclusive.

5 (b) With respect to any transfer of any mobilehome park on or
6 after January 1, 1989, subject to this section, the individual tenants
7 who are renting at least a majority of the spaces in the mobilehome
8 park prior to the transfer to the entity formed by the tenants for the
9 acquisition of the park shall participate in the transaction through
10 the ownership of an aggregate of at least a majority of voting stock
11 of, or other ownership or membership interest in, that entity.

12 (c) This section shall not apply if any fees charged the
13 mobilehome park tenants in connection with either the first or
14 second transfer exceed 15 percent of the total consideration paid
15 for the mobilehome park in the first transfer, plus any accrued
16 interest and taxes.

17 (d) If the assessor is notified in writing at the time the transferee
18 files the change in ownership statement that the transferee intends
19 to qualify the transfer under this section, the mobilehome park
20 shall not be reappraised pending satisfaction of the relevant
21 conditions set forth in this section for exclusion from change in
22 ownership. If the transferee fails to satisfy those conditions, the
23 assessor shall reappraise the mobilehome park and levy escape
24 assessments or supplemental assessments, as appropriate. For
25 escape or supplemental assessments levied pursuant to the
26 preceding sentence with respect to a mobilehome park located
27 within a disaster area, both of the following conditions shall apply:

28 (1) The limitations period shall be that period specified in
29 either subdivision (b) of Section 532 or subdivision (d) of Section
30 75.11, as applicable.

31 (2) For purposes of applying the limitations periods specified
32 in paragraph (1), the expiration date of the 76-month period
33 specified in subdivision (a) shall be deemed to be the date upon
34 which the initial transfer of the mobilehome park was reported to
35 the assessor.



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**All matter omitted in this version of the
bill appears in the bill as introduced in the
Senate December 4, 2000 (JR 11)**

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